

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF
AXIA ENERGY, LLC FOR AN ORDER
ESTABLISHING AN APPROXIMATE 2333.06-
ACRE DRILLING AND SPACING UNIT IN
SECTIONS 29, 30, 31 AND 32, TOWNSHIP 8
NORTH, RANGE 91 WEST, 6TH P.M., IN AN
UNNAMED FIELD, MANCOS AND NIOBRARA
FORMATIONS, MOFFAT COUNTY,
COLORADO

CAUSE NO. _____

DOCKET NO. _____

APPLICATION

Axia Energy, LLC ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission"), pursuant to C.R.S. § 34-60-116(2), for an order establishing an 2333.06-acre drilling and spacing unit for the production of oil, gas, and associated hydrocarbons from the Mancos and Niobrara Formations in the following lands:

Township 8 North, Range 91 West, 6TH P.M.

Section 29: ALL

Section 30: Lots 7-9, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$

Section 31: Lots 5-7, 10-13, 16, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, W2SE, E $\frac{1}{2}$ E $\frac{1}{2}$

Section 32: W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Moffat County, Colorado (hereafter the "Application Lands")

In support thereof, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Applicant holds certain leasehold interests in the Application Lands and will be the operator in the proposed unit. A reference map of the Application Lands is attached hereto.
3. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that wells drilled in in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing. There are no other specific Commission Orders applicable to the Mancos and Niobrara Formations underlying the Application Lands.
4. The Mancos and Niobrara Formations in this area are defined as the stratigraphic equivalent of the interval between 8,060 feet and 11,934 feet as found in the Bulldog #20-12H-892 Well located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 8 North, Range 92 West, 6th

P.M., Moffat County, Colorado. The Mancos and Niobrara Formations are a common source of supply underlying the Application Lands.

5. To promote efficient drainage within the Mancos and Niobrara Formations of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish an approximate 2333.06-acre drilling and spacing unit for the Application Lands.

6. No wells have been drilled and completed to the Mancos and Niobrara Formations on the Application Lands.

7. Applicant asserts that the approximate 2333.06-acre drilling and spacing unit will allow efficient drainage of the Mancos and Niobrara Formations; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed well in each such unit.

8. Applicant requests it be authorize the appropriate number of wells in order to effectively and efficiently recover the oil, gas and associated hydrocarbons from the proposed unit, with a limit of eight horizontal wellpads per section on the Application Lands, or located on adjacent lands, with the treated interval of any horizontal well to be no closer than 600 feet from the 2333.06-acre drilling and spacing unit boundaries, without exception being granted by the Director. Applicant further maintains that the proposed horizontal wells will have no adverse effect on correlative rights of adjacent owners.

9. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order:

A. Establishing the Application Lands as an approximate 2333.06-acre drilling and spacing unit for the Mancos and Niobrara Formations.

B. Authorizing the appropriate number of wells in order to effectively and efficiently recover the oil, gas and associated hydrocarbons from the proposed unit, with a limit of eight horizontal wellpads per section on the Application Lands, or located on adjacent lands, with the treated interval of any horizontal well to be no closer than 600 feet from the 2333.06-acre drilling and spacing unit boundaries without exception being granted by the Director.

C. Finding that the approximate 2333.06-acre drilling and spacing unit will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the Mancos and Niobrara Formations on the Application Lands; and

D. Granting any other relief as may be appropriate.

Dated this ____ day of July, 2013.

Respectfully submitted,

AXIA ENERGY, LLC

By: 

Jamie L. Jost

Gregory J. Nibert Jr.

Beatty & Wozniak, P.C.

Attorneys for Applicant

216 16th Street, Suite 1100

Denver, Colorado 80202

(303)407-4499

Applicant's Address:

Axia Energy LLC

ATTN: Tab McGinley

1430 Larimer Street, Suite 400

Denver, Colorado 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

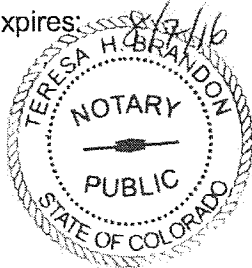
Tab McGinley, Vice President of Land, of Axia Energy, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information, and belief.

Tab McGinley
Vice President of Land

Subscribed and sworn to before this 18th day of July, 2013.

Witness my hand and official seal.

My commission expires:




Notary Public

[SEAL]

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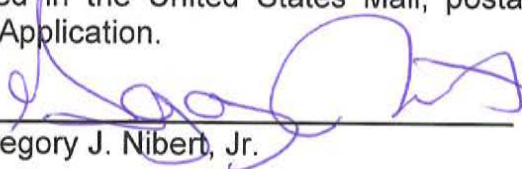
DOCKET NO. _____

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

Gregory J. Nibert, Jr., of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Axia Energy, LLC, that on or before July __, 2013, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

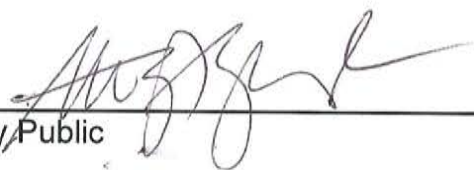


Gregory J. Nibert, Jr.

Subscribed and sworn to before me July 18, 2013.

Witness my hand and official seal.

My commission expires: 3/22/15.



Notary Public

MARY GRACE T. GO-HOVELAND
Notary Public
State of Colorado

EXHIBIT A

AXIA ENERGY, LLC
1430 LARIMER STREET, SUITE 400
DENVER, CO 80202

MICHAEL D. MCDONALD
6420 PIERCE ST.
ARVADA, CO 80003

OXY USA INC.
5 GREENWAY PLAZA, SUITE 110
HOUSTON, TEXAS 77046

JEFF COMSTOCK
MOFFAT COUNTY
221 W VICTOR WAY, SUITE 130
CRAIG, CO 81625

U.S.A. C/O BUREAU OF LAND
MANAGEMENT
2850 YOUNGFIELD STREET,
LAKEWOOD, CO 80215

KENT KUSTER
COLORADO DEPARTMENT OF
PUBLIC HEALTH & ENVIRONMENT
4300 CHERRY CREEK DRIVE SOUTH
DENVER, CO 80246-1530

DAVID MYRICK, JR.
PO BOX 691425
SAN ANTONIO, TX 78269

MICHAEL WARREN
ENERGY LIAISON
COLORADO PARKS AND WILDLIFE
NORTHWEST REGIONAL OFFICE
711 INDEPENDENT AVE.
GRAND JUNCTION, CO 81505

ESTATE OF F.E. KIMBALL, C/O NEAL J.
KIMBALL
526 QUAILBROOK CT.
SAN JOSE, CA 95110

ESTATE OF RAY KIMBALL, C/O STEVE R.
KIMBALL
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MEDFORD, OR 97504

EVALYN JANE LINDER
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OKLAHOMA CITY, OK 73129

MARK D. MCDONALD
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DALLAS, TX 75204

MARY ELLEN THOMAS,
HEIR OF RONALD M. WILD
13138 CAMINITO MENDIOLA
SAN DIEGO, CA 92130